A N N U A L R E P O R T

OF THE

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION

FOR THE YEAR ENDING

31 MARCH 1989

90-04167/

TO HIS HONOUR

THE HONOURABLE LLOYD G. MACPHAIL
Lieutenant Governor of The Province of
Prince Edward Island

May It Please Your Honour:

I respectfully submit herewith, for the information of Your Honour and the Legislature of Prince Edward Island, the Annual Report of the Crown Building Corporation for the Fiscal year ended 31 March 1989.

I have the honour to be Sir:

Your Obedient Servant,

Robert Morrissey
Minister
Department of Transportation
and Public Works

P R I N C E E D W A R D I S L A N D

C R O W N B U I L D I N G C O R P O R A T I O N

Charlottetown
Prince Edward Island
February 16, 1990

Honourable Robert Morrissey
Prince Edward Island Crown
Building Corporation
Charlottetown, P.E.I.

Sir:

I have the honour to submit herewith a report of the activities of the Prince Edward Island Crown Building Corporation for the year ended 31 March 1989.

An Act to establish the Prince Edward Island Crown Building Corporation was passed on 5 April 1962. Subsequently, Orders-in-Council appointed successive Presidents and Directors. During the period 1962-66 the Corporation functioned as an administrative and financing agency for the site preparation, planning, design and construction of the Provincial Administrative buildings in Charlottetown, and from 1966 to 1984 the Corporation generally limited its activities to that of financial agency responsible for amortizing construction costs of the Administrative buildings.

An amendment to the Prince Edward Island Crown Building Corporation Act (RSPEI 1974, Cap. C-30), assented to 11 May 1984, enabled the Corporation to plan, design, and construct the buildings, facilities, and equipment necessary to accommodate the veterinary teaching facility, known as the College, to be established as part of the University of Prince Edward Island; and to assume the financial obligation of Prince Edward Island, all pursuant to the Agreement of 3 June 1983, on behalf of the Government of Canada and the Governments of the Provinces of Prince Edward Island, Nova Scotia, New Brunswick and Newfoundland.

Bylaws of the Corporation were approved by Lieutenant Governor-in-Council 30 August 1984, and subsequently, amended bylaws were approved 15 November 1984.

Objects and powers of the Corporation were approved by the Lieutenant Governor-in-Council 30 August 1984.

Pursuant to an Agreement of 8 September 1983 between Prince Edward Island and the University of Prince Edward Island, the University conveyed the lands containing approximately 19 acres to the Province for the purpose of construction of all building and parking areas necessary for the College. Ownership of the College and the said 19 acres of land was transferred back to the University on April 1, 1987.

On 19 October 1987, the Corporation purchased the shares of the Charlottetown Veterinary Clinic (1981) Ltd. and C.V.C. Management Inc. in order to facilitate the integration of the veterinary practice area served by the Charlottetown Veterinary Clinic into the large animal ambulatory and hospital services of the College.

During the year ended 31 March 1989, the Board of the Corporation authorized minor construction items towards winding up the building of the College. Final completion of all items, including deficiencies and settlement of claims receivable is anticipated to be completed in 1989-90.

The Corporation acknowledges with thanks the contribution made by many persons and agencies within the University of Prince Edward Island, the Government of Canada and the Governments of the Atlantic Provinces, and the private sector, all towards the design and construction of the Atlantic Veterinary College.

The audited financial statements of this Report covers details of costs.

Respectfully submitted,

Clive H. Stewart, P.Eng.
General Manager
Prince Edward Island
Crown Building Corp.

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

PRINCE EDWARD ISLAND

CROWN BUILDING CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 1989

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

AUDITOR'S REPORT

To the Board of Directors of the
Prince Edward Island Crown Building Corporation

I have examined the balance sheet of the Prince Edward Island Crown Building Corporation as at March 31, 1989 and the statement of income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1989 and the results of its operations for the year then ended in accordance with the basis of accounting as disclosed in Note 1 to the financial statements applied on a basis consistent with that of the preceeding year.

J. Wayne Murphy, C.A.
Auditor General

Charlottetown, Prince Edward Island
June 16, 1989

STATEMENT 1

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION
BALANCE SHEET

MARCH 31, 1989
(with comparative figures at March 31, 1988)

ASSETS

	1989	1988
CURRENT ASSETS		
Cash	$ 95,171	$ 155,270
Accounts Receivable:		
Province of Prince Edward Island	-	48,630
Charlottetown Veterinary Clinic	-	19,178
Other	313	-
	313	67,808
Claims Receivable - Note 2	135,571	-
	231,055	223,078
FIXED ASSETS		
Land - cost	271,340	271,340
Buildings and Equipment - cost - Note 1(a)	6,116,139	6,116,139
	6,387,479	6,387,479
OTHER ASSETS		
Unamortized Bond Discount & Issue Expenses	103,549	109,667
Charlottetown Veterinary Clinic - Notes 1(c) and 3	522,274	1,063,274
Loan Receivable - Note 3	541,000	-
	1,166,823	1,172,941
	$7,785,357	$7,783,498

LIABILITIES AND SURPLUS

	1989	1988
CURRENT LIABILITIES		
Accounts Payable - Province of P.E.I.	$ 75,692	$ -
Accrued Interest	155,250	165,964
Loan Payable - Province of P.E.I. - Note 4	1,063,274	1,120,368
	1,294,216	1,286,332
LONG TERM LIABILITIES		
Debentures Payable - Note 5	5,400,000	5,400,000
Less: Sinking Fund - Note 6 (Market value 1989 - $6,880,496; 1988 - $6,227,603)	6,435,616	5,654,225
	(1,035,616)	(254,225)
Loan Payable - Province of P.E.I. - Note 7	1,091,141	1,097,166
	55,525	842,941
SURPLUS		
Unappropriated		
Net Income - Statement 2	67,500	67,500
Less: Transfer to Sinking Fund Reserve	67,500	67,500
	-	-
Appropriated		
Sinking Fund Reserve		
Balance Beginning of Year	5,654,225	4,949,318
Investment Income - Note 1(b)	713,891	637,407
Sinking Fund Installments	67,500	67,500
Balance End of Year	6,435,616	5,654,225
	$7,785,357	$7,783,498

(Notes 1 to 7 are an integral part of these financial statements.)

ON BEHALF OF THE BOARD OF DIRECTORS:

AUDITOR GENERAL CHARLOTTETOWN P.E.I.

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION
STATEMENT OF INCOME

YEAR ENDED MARCH 31, 1989
(with comparative figures for the year ended March 31, 1988)

	1989	1988
INCOME		
Lease Income - Province of Prince Edward Island net lease - Note 1(b)	$384,118	$384,118
Appropriations from the Province of P.E.I.	239,269	70,942
	623,387	455,060
EXPENSES		
Interest	422,021	359,130
Amortization of Bond Discount	6,118	6,118
Operating Loss - Veterinary clinic - Note 1(c)	127,748	22,312
	555,887	387,560
NET INCOME FOR YEAR	$ 67,500	$ 67,500

(Notes 1 to 7 are an integral part of these financial statements.)

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1989

1. Accounting Policies

   (a) No depreciation is being charged on buildings and equipment.

   (b) The statement of income is on a net lease basis and does not include the interest on Sinking Fund investments. The investment income is shown as a separate item in the Sinking Fund section of the balance sheet.

   (c) On October 19, 1987 the Corporation purchased the shares of the Charlottetown Veterinary Clinic (1981) Ltd. and C.V.C. Management Inc. The Corporation uses the equity method of accounting to record its investment in these wholly-owned subsidaries. For the fiscal year ended March 31, 1989, there was a $127,748 operating loss which was appropriated by the Province of P.E.I.

   In order to provide a more informative presentation of the operations of the Corporation, the financial statements are not consolidated. Separate combined financial statements of the Charlottetown Veterinary Clinic (1981) Ltd. and C.V.C. Management Inc. are being issued.

2. Claims Receivable represent claims to the Government of Canada and the four Atlantic Provinces for the shareable Atlantic Veterinary College Project costs, in accordance with a five-party agreement dated June 3, 1983.

   Following is a breakdown of Claims Receivable as at March 31, 1989:

Government of Canada	$ 17,849
Province of Prince Edward Island	131,368
Province of Nova Scotia	(8,470)
Province of New Brunswick	(6,872)
Province of Newfoundland	1,696
	$135,571

3. The four Atlantic Provinces have agreed to fund $541,000 of the cost of the Charlottetown Veterinary Clinic (1981) Ltd. and C.V.C. Management Inc., as part of the four-party agreement for the operation of the Atlantic Veterinary College.

   The funding is expected to be in the form of equal annual payments, amortizing the cost over the seven years remaining in the four-party agreement. The expected due date of the first payment is April 1, 1990.

4. As of June 16, 1989, there is no repayment schedule for the loan payable to the Province of P.E.I. Interest expense on the loan during the 1988-89 fiscal year totalling $111,521 was appropriated by the Province. The interest rate as of March 31, 1989 was 10% per annum.

5. Debentures payable - 5 3/4% Sinking Fund debentures due April 1, 2006, callable at the option of the Corporation on or after April 1, 2001. The debentures are guaranteed by the Province of P.E.I.

6. Sinking Fund investments consist of the following:

	1989	1988
Cash and Accounts Receivable	$ 108,961	$ 5,810
Accrued Interest	187,898	174,365
Debentures	6,138,757	5,474,050
	$6,435,616	$5,654,225

7. The loan payable to the Province of P.E.I. is a non-interest bearing loan with no stated maturity date.